

**Statement by Rep. Michele Bachmann  
House Financial Services Committee Hearing  
“Exploring the Balance between Increased Availability  
and Prudent Lending Standards”**

**March 25, 2009**

Thank you, Mr. Chairman.

Today we will hear from a distinguished panel about the mixed messages that the government has injected into the market since it first went down the road of taxpayer bailouts. On the one hand, lending institutions have been scolded for not adequately increasing access to capital, particularly in light of receiving taxpayer funds under the Troubled Asset Relief Program (TARP). On the other, these same institutions have been criticized for their loose underwriting standards and over-lending to borrowers that should not have had access to certain loans in the first place.

Somewhere in between, there must be some middle ground for institutions to regain their footing and strike the right balance. The bottom line here is that we want institutions to offer healthy extensions of credit to responsible borrowers that can afford to repay their loans. Plain and simple.

If our financial markets are to steady, they need some certainty from the government. We must end our trial-and-error approach to this financial mess and we must put an end to the mixed messages we’re sending lenders.

I am in constant contact with local bankers from Minnesota’s Sixth District to understand their perspective on today’s financial marketplace. The number one thing I’ve heard is their concern regarding mark-to-market accounting.

They continue to tell me that mark-to-market is hindering their ability to accurately and comprehensively report the true value of their balance sheets. It is hurting them at the capitalization level which in turn stops them from making many loans to creditworthy borrowers. That’s why it is so critical that FASB and the SEC respond with some certainty to today’s economic woes and make changes to mark-to-market standards.

And, I cannot stress enough the absolute responsibility that this Congress has to develop an exit strategy from the bailout approach. The American people deserve to have an end in sight. They deserve to know that we have an actual plan to make taxpayers whole. And, without an exit strategy, uncertainties in the marketplace will continue to rise. This will only make the situation worse, or prolong the market’s current instability.

I hope our Committee will take that responsibility seriously in the coming weeks.

Thank you, Mr. Chairman, and I yield back the balance of my time.